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SUBJECT: ZATLERS TAKES OFFICE AS NEW LATVIAN PRESIDENT

Ref: Riga 416, Riga 392

11. (U) New Latvian President Valdis Zatlers was inaugurated July 8, taking over the presidency from Vaira Vike-Freiberga who had served for eight years. A surgeon and head of the National Trauma Hospital, Zatlers was put forward as the candidate of Latvia's ruling centre-right coalition and elected by lawmakers on May 31 as the third president of Latvia since independence was restored in 11991.

12. (U) Zatlers' reputation was dented ahead of his election after he acknowledged accepting and failing to declare income on payments from patients as gratitude for their medical care. Zatlers denied any wrongdoing and commented that the focus on such payments demonstrates a failure of legislation to address the practice. A number of institutions are involved in investigating his failure to declare the income received and are working on official conclusions. Last week, Zatlers was fined only 250 Lats (\$490 USD) by the Latvian Revenue Service for filing inaccurate tax returns, while Latvia's anti-corruption bureau is still probing the case.

13. (U) In his rather short official inauguration speech, Zatlers briefly touched upon foreign relations. He noted that "we should remain committed partners; we should foster the transatlantic dialogue. A strong European Union and NATO are the guarantees for Latvia's welfare and security". He concluded that "foreign policy requires well-balanced decisions in domestic policy; lack of such decisions makes any successful co-operation either with close or faraway partners impossible".

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